

## **AHCCCS and Mercy Care Plan Reach Settlement Agreement**

The AHCCCS Administration made a settlement offer to Mercy Care Plan (MCP) for the fifth contract in Pima County under certain terms. On July 8, MCP accepted these terms, which will be incorporated into the contract's special terms and conditions. As part of its acceptance, Mercy Care Plan has withdrawn its bid protest.

The settlement was reached under the following terms:

- The contract extends only to Pima County. It does not include all of geographic service area 10 – that is, it does not include Santa Cruz County.
- Enrollment under this contract will be capped minimally for the contract year beginning October 1, 2008 (subject to the normal re-enrollment rules of 90 day re-enrolls and family continuity). Lifting this enrollment cap will only occur should the conditions outlined below or those identified on page 117 of the RFP exist.
- By October 1, 2009, Mercy Care Plan must demonstrate that it has (1) maintained and/or improved its performance on contractually required clinical quality performance measures, and (2) improved operational performance regarding claims timeliness and accuracy, grievance system management, provider relations and notices of action as determined by AHCCCS. If Mercy Care Plan does not meet these conditions, AHCCCS has the right to terminate the Mercy Care Plan contract for Pima County.
- Even if the preceding condition is met, the enrollment cap will not be lifted until three of the four other contractors in Pima County have reached enrollment at or above 25,000.
- MCP agrees to accept capitation rates, for the prospective rates that were bid, that would be equal to the lesser of MCP's Best and Final Offer rates (adjusted accordingly if out of the AHCCCS actuarial rate range), or the lowest awarded rates in Pima County, by risk group. These rates would be further adjusted by a Pima County-only factor, which would result in a slight increase overall from the Pima/Santa Cruz rates. AHCCCS will require an actuarial sign-off of the final rates. In addition, the final capitation rates will be subject to the risk adjustment described in the RFP. The risk adjustment would be applied based on member-specific encounter data. Finally, the rates would be subject to any of the other items identified in the RFP such as reinsurance level or new legislative impacts.
- MCP agrees to host three provider forums in Pima County during the contract year beginning October 1, 2008 to solicit provider feedback on its performance in Pima County. The AHCCCS Administration will participate in those forums. The AHCCCS Administration reserves the right to require Mercy Care Plan to submit an action plan based on the feedback received that is satisfactory to the AHCCCS Administration, and Mercy Care Plan agrees to carry out any such action plan.
- MCP agrees to cover the costs incurred by AHCCCS in responding to the protest, including reasonable attorney and consultant fees.